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# Japan Report

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30 April 1985

## JAPAN REPORT

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POLITICAL AND SOCIOLOGICAL

BREAK UP OF TANAKA-NAKASONE ALLIANCE\*ANTICIPATED

Tokyo SEKAI in Japanese Jan 85 pp 182-194

[Article by Taro Maki]

[Text] A Certain Speech

I would like you to read a certain "speech" to begin with. Since it was a major speech lasting 3 hours and 28 minutes, it will be impossible to record it all. This will perhaps be a significant hindrance, but even so you will get a fairly strong response from reading this:

I am Mr X. I was exceedingly busy with many things last year.

I say that I was variously occupied; even though I cannot tell you anything openly, let's just say that I was under a great deal of pressure. It was no simple matter to arrange, since we put together the Nakasone Cabinet, which only had a minority base. In a company, it would be perfectly natural, taking the stockholders--the number one stockholder, the number two stockholder, the number three stockholder, etc.--if you tried to make the number three stockholder into the head of the firm it would not happen without a terrific effort. Thus, it is true when I say that I was very busy all last year.

It got so bad I couldn't play golf. Especially during the first half of the year, I couldn't play golf at all. On 31 July last year, I said, "Well, the personnel problems are finished," and headed off to Karuizawa. And I set up a schedule so I could play 50 rounds at Karuizawa between 1 August and 31 August.

Because my legs are used to it, I deliberately tried to do two rounds daily from 10 am to 3 pm without taking a breather and without eating anything. I did in fact get dehydrated on that account. (Laughter)

As you might guess, this Mr X, who was saying that he would fall to dehydration if the Nakasone Cabinet were made, just as in the saying, "If the wind blows, the copper makes a profit," is Former Prime Minister Kakuei Tanaka.

The time was 10 September, when the election for the LDP presidency was suspended after 50 days. The place was the meeting of a Tanaka faction

youth study group, held at a hotel in Hakominami-machi of Kanagawa Prefecture. It was a good, brusque speech, even better because the awareness of followers helped, but in Kakuei's lines of "uninhibited talk" there was an extremely profound significance if we consider it from the present. I'd like you to turn an ear to the Kakuei line a bit further.

The younger members of the LDP dislike the Clean Government Party (Komeito). Calling it the Clean Government Party hides its true character. Isn't that right?

Despite that it has been collecting votes. People say that the LDP is a sewer with no redeeming points, and everyone says that they are doing splendidly. They say we are a band of followers; but this is because the LDP, while it crowds around saying that even in the police they have to be asked to work together, acts as a brace for all the others.

The Komeito is the most frightful. Thus, I don't like the Komeito.

Actually, I don't dislike the Komeito all that much. You might even say I like them. The reason for that is that even if they are wrong, they are not members of the Communist Party or the Socialist Party.

That's the problem. We are the faction of Nichiren. The Nichiren sect supports the LDP either totally or partially.

If you said to the Komeito people that they were "members of the LDP" they would be angry, really angry. You are all Nichiren, and I am Kobo Taishi. There is also Shinran, in fact there are lots of sects.

When you hear Tanaka speeches, they are easy to understand, but later, when you try to run a tape, there are places where the point of the logic is unclear.

So, when as an author you try to organize the material, then no matter what, it appears that (1) the Komeito has more election skill than the LDP, and thus it has greater vitality. That point is frightening, but (2) the Komeito is neither communist nor socialist; thus it is good since it does not subscribe to a materialist view of history.

The speech advances to its heart.

This thing we call the LDP--it is full of vitality in any case. But even if a flower blooms, it is still a flower. It is just as Matsumura Kensei says.

"In electoral government, a difference of even one vote determines who wins. If you are short by even one vote, the loss is a loss. Right?

When that happens, it is really frightful for crony government.

Today is a time when people are saying "come, come, now." I have said such things. What would we do if talk of a constitutional revision really came up? Of course, the communists and socialists would oppose it.

Which way would the Komeito go? We have to think about that.

He may be busy, but Tanaka usually thinks about such things when he plays golf. That's true.

The Komeito would really lose its temper. They will just have to get angry. That's true. When that happens, will the Komeito act together with the LDP or with the communists and socialists?

That will be a steep road for the Japanese people. How will it be? Comrades?

I am one who is confident that the Komeito will join with the LDP. How would they ever joint up with atheists? I think that will never come about.

Do you think that is an insult to the Komeito? That's not just loose talk. That's a daring prophesy!

Tanaka was extraordinary on this day, to say the least. He was scheduled for 30 minutes, but he gave a mammoth speech of 3 hours and 28 minutes. Moreover, his face was flushed, and he appeared as if he were hurling his anger at something. When he snapped out his "that's a daring statement," someone in the Tanaka faction leadership who happened to be present lamented "whew boy."

Tanaka raised his voice a notch higher.

I want to answer one thing clearly here. There is a line of argument for separating the party president and the prime minister, but this is a line that is not being adopted among those of the party and the government. Such a thing is no good. It's impossible. "The prime minister's job is tough, and one cannot do it together with the LDP president's job; therefore get rid of the party president's position." That's a very easy line to understand, but it is because you get to be president of the party that you become prime minister. (partially abbreviated)

Well, hereafter it is going to be rough. September, October, November. I already have nothing to say. Because we're not electing the prime minister out of our faction. But if I were to force it, I would say that it is true that, just like the arguments related to the emperor, when we get all wrapped up in the struggles for political power, it is no longer the age of me first, me first.

The speech further continued. He stepped onto the stage after saying the famous words, "Even though we have been trampled, we are setting out. I follow you through thick and thin. It is snow for oeta. The newspapers and television reported this speech comparatively simply as former Prime Minister Tanaka having "indicated again his agreement with the reelection of Nakasone." They handled it by saying that it was the true coloring of the fall political situation which had finally become lively. In citing

the degree of "coloring" again here after so long, there is a certain madness I hope the reader will perceive in how they took Tanaka's thought and part of his substance, but in fact this is because the speech was the dramatic finale of round one of the 1984 political situation.

#### "Round One"

The drama is still fresh in the reader's mind by which the LDP presidential election, at which the reelection of Nakasone was seen as certain, barely and with much tension resulted in the reelection of Prime Minister Nakasone by the maneuvering of LDP Vice President Nikaido's supporters such as former Prime Minister Suzuki. There should have been astonishment that a people who are interested in majority politics so often say that the immediate future of the political world was dark.

But the analysis of the writers was that in the "maneuvering of the Nikaido backers" there existed in fact both the first round "first maneuver" by former Prime Minister Suzuki and the "second maneuver" that occurred later; the writers also said that what was reflected in the eyes of the people was that both the first maneuver and the second maneuver were only a "big play" after everything had been worked out.

The "great Tanaka speech" quoted at length was at the moment of the collapse of the "first maneuver," as "knowledgeable people knew" at that time.

I would like to bring the speech to mind once more very carefully. In it, the statement into which Tanaka put the most power was the passage:

"I want to respond clearly to one thing here. There is an argument for separating the positions of prime minister and the party president, but that is an argument that has not been used among those of the party and government. Such a thing would be bad."

At the youth study group, no one had asked "what about the argument about separating the prime minister and party president."

The thing he was addressing on his own, without prompting, when he said "I want to respond clearly to one thing here," was that someone has pressed the "separation of prime minister and president argument" onto Tanaka just before the speech.

That someone was former Prime Minister Suzuki. Suzuki (for reasons we will spell out later), had clearly firmed up in early 1984 his intentions to block the reelection of Prime Minister Nakasone.

In mid-April, at a meeting with Tanaka, he confirmed his intention to confront Tanaka's "autumn." But Tanaka only reminisced and absolutely did not commit himself either on Nakasone's reelection or blocking the reelection.

Suzuki was mightily confused, but he judged that Tanaka had not firmed up his intention to reelect Nakasone.

As a result, Suzuki constructed two strategies. The first was to reconstruct the conservative mainstream factions of Tanaka, Suzuki and Fukuda with a Miyazawa administration. If that failed, there was the separate the prime minister and president argument with "Prime Minister Miyazawa and President Nikaido"

In my essay "Will the Autumn Wind Blow?" published in this journal's (SEKAI) October issue, I gave a detailed report on the procedures by which Miyazawa Kiichi repeatedly approached Kakuei Tanaka, but in fact he was going on Suzuki's first strategy.

But Tanaka did not have a good impression of Miyazawa, who was distant from party obligations. He went so far as to show clearly his dislike for Miyazawa, criticizing him severely by saying, "old geisha put on makeup and sidle up to you."

For that reason Suzuki had no choice but to switch to his second strategy.

Suzuki's calculation was this. In early August the Diet was shaken by big vibrations over the so-called political ethics problem. Since I touched on that incident in detail in my essay, "Will the Autumn Wind Blow?", I will only deal with the matter briefly here; but in order that the Diet survive, lower house Political Ethics Council Chairman Ichiro Ozawa planned to try to secure the agreement of the opposition parties by means of a compromise plan calling for "expansion of disciplinary objects of responsible diet members."

The Tanaka faction was divided in response to this movement. It split into those who supported Ozawa, and those supporting "the other Ozawa" who claimed a cautious response, that is, the group centering on Tatsu Ozawa of direct descent from Kakuei.

Moreover, Tanaka scolded Ichiro Ozawa who came to report that he "was doing this," and he raged saying, "such important matters are decided by the Secretary General. This is no business for brats like you!"

And he screamed at then Secretary General Rokusuke Tanaka, who lost his head, that "if the opposition parties say unreasonable things, we will dissolve!"

Finally, Nakasone himself telephoned Tanaka and secured Tanaka's agreement by establishing the Political Ethics Council in the Lower House; but when Suzuki saw this unified action, he judged that cracks within the Tanaka faction would give rise to the autumn wind in the political situation.

At that time, Suzuki said the following to a close friend.

"The Tanaka faction has carried a palanquin (the regime of others) for some 10 years. It has now reached the point where it can no longer endure. Opinions within the faction have splintered, and Tanaka himself has feelings of distrust toward Nakasone."



One can say that this analysis was correct, but here it was mistaken to suppose that Suzuki, or Nikaido for that matter, regarded Tanaka as "OK."

This is an argument that has emerged from the author's private judgement, but even at present Tanaka's innermost intention is believed to be "complete restoration to power."

Both the fact that he has said that it is fine for the prime minister to be around 70 years old, and the fact that he does not make Takeshita into a proxy chairman of the faction--all this is for the sake of complete recovery of political power.

Even if one grants that Nikaido has been the greatest loyal follower of Tanaka, Tanaka has absolutely no intention of bequeathing the future to Nikaido.

But to Suzuki this is incomprehensible. If he tried to be the "Suzuki" who left his remaining strength in reelection and retired, it has to be that he utterly cannot understand.

For Tanaka, even though there is a prime minister that he dislikes somewhat (Nakasone), this is far preferable to a change of ownership of the faction.

Thus Tanaka withheld his statement until the end of the Diet and answered Suzuki at the session of the youth study group.

"I want to answer clearly. It would be bad to separate the offices of prime minister and president" he concluded, but at the same time he added, "It is not my time." We will discuss this later, and we have referred to the reason for Suzuki's impeding Nakasone's reelection, but we will touch on that later.

What is to be noticed most is the reference to the Komeito.

Tanaka is fully aware that Nikaido has an extremely close relationship with both the Komeito and socialists. Of course he has started in the form of a substitute for Tanaka, and this role as conduit from Tanaka has won the confidence of the middle-of-the-road parties in a short time.

Of course, if Nikaido himself were to struggle with Nakasone head-on and contest the designation of prime minister in the Diet, the Komeito might stick with Nikaido. That would be a major upheaval in political affairs.

By saying that the Komeito is together with the LDP, Tanaka provoked confusion within the Komeito and aimed at making it more difficult for the Komeito to operate in political affairs.

In any event, during the address lasting nearly three and one-half hours, Tanaka very clearly said "no" to Suzuki's second strategy. Thus ended round one.

### Komeito's Concerns

What about this? To the end, Suzuki did not abandon his conviction in stopping Nakasone's reelection. Next he thought up a line calling for "Prime Minister Nikaido and Secretary General Miyazawa." Why did Suzuki persevere to this extent in stopping the reelection? First, we must explain his "personal reasons."

The underlying reasons emerged two years earlier, soon after the Nakasone administration was born.

Nakasone, who had moved into the Prime Minister's residence, made the following statement, even if unwillingly, "From now on, I would like to brighten the official residence."

At that time, Suzuki heard Nakasone's statement and tipped his head to the side, but it appeared this was not taken to be direct criticism of the former prime minister. But as the days passed, Nakasone's statement became an insult to the former prime minister.

It became "When I was prime minister, Japan was isolated in international society," and although at the U.S.-Japan summit talks President Reagan said "it was awful dealing with the aftermath of the Carter administration," and Nakasone chimed in, responding with "It was awful for me too. At any rate, this was because diplomacy was bogged down."

He was clearly toying with the diplomatic skill of the former prime minister.

Suzuki's anger reached a climax. On 5 October 2 years earlier, Administrative Agency Director Nakasone had paid a call on Prime Minister Suzuki at the prime minister's residence to convey his "support for Suzuki's reelection." But that day some of the newspapers announced the candidacy for the party presidency of Economic Planning Agency Director Komoto.

Saying that Komoto was running at that point was to say that the three factions of Fukuda, Komoto and Nakagawa had each been able to assemble the needed 150 supporters even though three candidacies had been established.

If Suzuki ran, it would mean an all-out confrontation between the "Suzuki-Tanaka coalition army" and the three non-main line factions. Moreover, if he ran in the primary, it might ensure first place for Komoto, who was saying that he commanded 400,000 party members. Suzuki, who assessed the situation in this way, considered Nakasone, who had recommended an administrative reform line, as the heir; he withdrew himself and tried to bring Nakasone's prime ministership life through talks.

The result was that after bursting into the primary election, Nakasone stole the political control with the support of the Tanaka army.

But this too was due to Suzuki's retreat. Suzuki should have been the "benefactor" of the prime minister. And for Suzuki, to have the "benefactor" treated as an incompetent was something he could not stand.

At the same time, Nakasone's hawkish diplomatic posture did not mesh with the traditional pacifism of the Koikekai (Suzuki faction).

Suzuki, who had lost in his first maneuver, aimed again at "backing Nikaido," on the premise that he protect his friendly relationship with the Tanaka faction. His partner was former Prime Minister Fukuda.

Suzuki conferred with Fukuda. In the June issue of this journal, the author pointed to two issues in his article, "The Pandora's Box of the LDP," as the historical angle from which to view the current election for party president: (1) whether the hostility between Tanaka and Fukuda would melt, and (2) whether a change of generation would take place; but Fukuda agreed with Suzuki's suggestion in these two respects.

That is, in terms of the "hostility between Tanaka and Fukuda," "the Nikaido candidacy" was linked to the relative fall from power of Kakuei Tanaka. And in terms of the change in generations, Nikaido was the representative of the older generation, and he became the means to block the generation shift. Speaking more specifically, political power was far off for Shintaro Abe of the Fukuda faction, and they must have wondered whether they could preserve Fukuda's leadership within the Fukuda faction.

Fukuda indicated his willingness to cooperate with Suzuki's suggestion, and the two men decided to talk Nikaido into it.

Unfortunately, Nikaido was in no state of mind to make his true intentions clear. But it is clear that Nikaido himself was thinking about calling an end to the Nakasone government based on Tanaka control.

The three men considered what would happen if they had a direct confrontation with Nakasone, and they planned an approach to the Komeito as if Tanaka had mentioned it in his "great speech."

It is the evening of 28 September. This evening, Suzuki, Nikaido and Takeiri of the Komeito meet at a National Unity Day party at the Chinese embassy; after the party, they meet at a restaurant, the "Kindachu."

Here, Suzuki reveals that they have secretly been pushing to "back Nikaido," and they ask for cooperation.

In response, Takeiri promises support. Ironically, this is related to Tanaka's "great speech."

Takeiri was confused by the fact that he was singled out by Tanaka as having been unduly influenced. The Komeito leadership pointed out that by contributing to the anti-Tanaka coup d'etat, he was reacting to the unilateral false charges, and that he was not under the influence of Tanaka.

But that was not all.

Within the heads of the Komeito leaders, there was without exception a movement toward a "grand coalition age." In "Pandora's Box of the LDP,"

the author pointed out that it went so far that one of the leaders of the Socialist Party had misgivings about a secret LDP-Komeito alliance, and that "the fact that Nikaido of the Tanaka faction, which is close to the Komeito, had become the vice president." But after the 1983 general election, the Komeito did seriously grope toward a coalition with the LDP for a majority.

Ultimately, the LDP did form a coalition with the New Liberal Club, and the Komeito was left behind at the station together with the Minshato, but for a few days the real situation was that it had no choice but to cooperate with the LDP.

That was because, despite the Komeito's winning seats in 1984 and its big victory, it was an "upper limit party" with limitations.

Hereafter, the Komeito probably does not have the strength even to rise to the heights of 100 seats, even though it repeats the election many times.

At a state when conservatism and reform are evenly matched, if they do not join forces at once they will not reach the seat of power for a long time. In that sense, Tanaka's speech was squarely on the mark in saying that "the LDP and Komeito were together."

At the "Kindachu" meeting, Takeiri had promised to work to obtain the cooperation of the Minshato.

Those Minshato are more susceptible to "coalitions." The two leaders, Ikko Harunichi and Ryosaku Sasaki, were long-time advocates of coalitions, and in terms of their ages they had never obtained one. It reached the point where the Komeito says, each time there is a problem, that "the fact that the Komeito has been cool to coalitions, unlike the Minshato, is because the leadership of the Komeito is young in age."

In this way, the second maneuver, the "Nikaido candidacy, reached the point of spreading to include the middle-of-the-road parties.

This point is a piece of historical evidence as the current general election has progressed amid coalition conditions, and it must be remembered.

#### The Kanemaru Nikaido Tug-of-War

Tanaka believed that "the Nikaido candidacy" had received a setback after the "great speech."

But by about 10 October, talk of the "second maneuver," which would not have escaped the excellent information networks, was flying about.

Nakasone knew of the plot by that point. On 11 October, Nakasone hastily summoned Sato Kiyoyuki, who had returned to his election district in Hokkaido, and called him back to Tokyo.

Sato was the so-called Lockheed high official. Since he was a defendant, he was an unaffiliated delegate who had been separated from the Nakasone

faction at his permanent residence, but he was one who had carried out the role of go between for Nakasone and Tanaka.

With Tanaka's permission, Sato deplored that "the Nikaido candidacy may have been connected with Tanaka's fall from power."

But Tanaka did not seriously initiate these actions.

He judged that the second maneuver had ended.

But the person who brought in the same information was Shin Kanemaru, who was current Chairman of the Executive Board.

Kanemaru left for Panama as a special government envoy on 8 October, but just before his departure plans were clarified by Nikaido, and Kanemaru was in agony.

Kanemaru is an advocate of a change in generations, and at the same time he is famous for disliking Nakasone. It may have been Nikaido's calculation that these two points would bring Kanemaru to agree with his plans.

Secretary General Miyazawa appealed to Kanemaru even less than a Nikaido administration. Kanemaru was considering giving an administration in the near future to Noboru Takeshita, who is his in-law, but this plot was clearly not linked only to a Miyazawa administration.

After Kanemaru had given the matter thorough deliberation, he informed Kanuei Tanaka of his plans.

And this led to the climax of round two on 22 October.

That morning, Suzuki conferred with Fukuda by telephone and said that he himself was visiting China, but he wondered if Fukuda would change his mind; with that he headed for China.

Putting together the stories of those involved, Tanaka acted after he was certain that Suzuki had left for China. It seems that Tanaka told Nakasone, "Let's draw on Nikaido's cooperation and make it so he cannot move."

After noon on that day, a government-party liaison conference was held at the prime minister's residence. At this meeting, the prime minister told Chairman of the Executive Board Kanemaru that he wanted "regulation of the party president selection by the party executive department. (Secretary General Rokusuke Tanaka was ill and could not participate directly in matters.) After that conference, he called party Vice President Nikaido into a separate room, where the two conferred for some 20 minutes.

The details are of course not certain, but Nikaido said, "Since you are prime minister and party president, go right ahead and do it without vacillating." Presumably, he gave the prime minister a big push.

This was the point at which the game was decided. For those who knew the course of the second maneuver well, by the fact that Nikaido had met with Nakasone, at least in public, Nikaido appeared to be cooperating with the reelection.

The following day, 23 October, Nikaido denied that the talk had been about becoming controller, and that made the prime minister uneasy. This was because Nikaido did not show up at the meeting of the five party officers that was the occasion of the regulation of the discussion. The reason given was that he had had to go to the hospital, but Kanemaru invited the reluctant Nikaido to the meeting only for the opening.

There was a struggle between Nikaido, who refused to attend, sensing that if he became the controller his candidacy would be over, and Kanemaru, who invited him saying that he should not refuse to attend.

Finally, Nikaido attended the picture taking for the press at the beginning, and left his seat immediately. Thereupon, Kanemaru went so far as to leak to those around him that the pictures that were the proof (that Nikaido attended) were done.

That evening, Suzuki, who was in Beijing, was analyzing the news that was coming in hour-by-hour from Japan. The thing he noticed was the conversation between the prime minister and Nikaido. It was easy to image that the conversation was due to Tanaka's instructions.

That evening Suzuki made contact with Tanaka by telephone. Tanaka is supposed to have said that "this time I do not want to act unreasonably. Let's get on with the reelection."

Suzuki, in a foreign country, could not easily act, and he could do nothing but abandon the second maneuver.

That evening, Suzuki made a statement to the accompanying press corps that said, in effect, "the Tanaka faction is a clique of brothers. These friendly relations will not collapse in the future." This was his declaration that he had been routed.

Let's Say We Had An Argument

The plan for the Nikaido foundered in this way. But this was the beginning in the popular press of the drama of the "Nikaido candidacy."

On 27 October Nikaido visited Tanaka's residence. It has been reported that because they exchanged harsh arguments, backing Nikaido was the real issue.

There was, presumably, the following sort of discussion at the Nikaido-Tanaka meeting.

Nikaido: You decided early on for Nakasone, and you didn't say a word to me.

Tanaka: Isn't Nakasone all right? If you think about it, if he's the one it will work out.

Nikaïdo: Actually, there is talk of supporting me. I think you have already heard it, but I don't want to be separated. I really would like you to think about the situation in which such talk has come up.

It appears that the arguments ran something like that, but at a meeting that afternoon of representatives of all the factions, Nikaïdo explained that he had talked with Tanaka, and that he had been pressed by Takeiri and Sasaki to put up his own candidacy; the conference of faction representatives was postponed to the following day.

Since these details have already been reported in the mass media, I will not cover them in detail; but the mass media finally seriously reported the support for Nikaïdo at this time.

But they reported the gist of the faction representatives' meeting on the following day at this: if Nikaïdo did not decline the offer, then a Nikaïdo administration would come into being automatically.

This is true, but by my own analysis, one had to wonder if it wasn't after the Nikaïdo-Tanaka conversation that the big drama occurred.

There is one peice of information. It concerns the Nikaïdo-Tanaka conversation, but it is said that off and on during the day certain businessmen were waiting in a separate room in Mejiro to see Tanaka.

According to these businessmen, two people most definitely held the exchange mentioned earlier, but finally they parted smiling, and Tanaka said separately, "let's say that two people had an argument."

This evidence is not necessarily what was heard behind the scenes, but the trend of events after the conversation certainly seems as if it had been hastened by the wary stares of Tanaka and Nikaïdo.

By the fact that support for Nikaïdo continued to live until the very last moment, the prestige of Suzuki, who had proposed it, was saved of course.

Everyone in the Suzuki faction, with Miyazawa first, asked if "there hadn't been the caution of carefully laid plans," and they took another look at Suzuki; and Fukuda also loosed a retort at the support of Tanaka.

The Komeito and Minshato, if they had really been bound up closely with Nikaïdo, would have been thrown into confusion internally, but they avoided the confusion; what is more, they left a record of having penetrated the LDP's one-party rule.

Nikaïdo was acclaimed as a "patriot," and he firmed up his position as the number one candidate for the party president for the next time around by having announced "he would sit this one out."

The one who benefited most was Kakuei Tanaka, who, while giving the big speech at the beginning and subverting the maneuvers, had struck against Shiba.

Tanaka, with his clamor, removed the debris within the party at the same time that he put the prime minister in greater debt to himself with Nakasone's reelection and made his own existence vastly more visible.

Tanaka showed, threatenly, that if he said "Nikaido will be fine," then the government would collapse tomorrow.

Thus support for Nikaido did really exist, but from the moment it failed, it was spectacularly replaced by the substance of the "candidacy drama," through the wary stares like those of the LDP.

#### The Illegal LDP

The point that must be noticed here is that the support for Nikaido that really existed revealed several "realities of the political circles."

One concerns the Komeito. In the "great speech," Tanaka reveals the Komeito as being of the same substance as the LDP; moreover, he points out indirectly that the separation of church and state has not occurred--"the party of Nichiren." But within this support drama the Komeito admitted with its own mouth that it had not preserved the "separation of church and state" which is promised to the nation.

The second problem is that the LDP is in a "state of lawlessness." Fukuda, who has usually been in a position of ensuring the morality of government during the Tanaka problem, was the one who stood at the head of the "Nikaido support."

Thus, it was Fukuda who opposed Nikaido as secretary general only for the reason of "the gray eminence," and who even said, with respect to Nikaido as party vice president, that he would resign the post of top advisor if the issue were pushed. That he turned around completely and rushed to the "Nikaido backers" seems to have been nothing more than convenience.

This is all the more the case with the Komeito and the Minshato.

This feeling, not to mention the perceptions of those within political circles, cannot be understood by the general public.

I have no intention of questioning the propriety of Fukuda's choices, but I doubt that there should be such a disparity between politics and the feelings of the populace.

Instead, Tanaka's true feelings may instead be as he said recently several times, "It's a pity, but Nikaido is gray. On account of that, if we had an election, the LDP would lose big."

Thus, the farce within the LDP ended.



It is a fact, however, that the basis for the Nakasone government was weakened gradually during the commotion.

Initially, however, the cautious eyes will gather in the political circles, asking questions such as how the Tanaka faction has been changed, or when Nakasone will exercise the right to dissolve the Diet, or when Tanaka will abandon Nakasone.

As for the changes within the Tanaka faction, they will probably move in the direction of a three-way split.

There are the Tanaka bodyguards and the Takeshita-Kanemaru line. And there is an external group with Kanenoboru Ezaki and Gen Tamura, which moved in the shadow of this support for Nikaido. The key to political affairs will be whether Tanaka, while preventing this three-way polarization, can recover unified power, to total restoration.

It may be for that purpose, Tanaka will have to move toward the establishment at some time of a new puppet government replacing Nakasone.

Conversely, Prime Minister Nakasone, for his part, has probably been considering carrying out the dissolution-general election sequence at the most opportune time, and after winning a big victory, moving to break with Tanaka and aim at a long-term government.

The two men, Tanaka and Nakasone, who won reelection together with reelection, were headed in entirely different direction, but this may be common in political circles.

Throughout all this, what was the prime minister aiming for?

"Earthworms" and "White Clouds"

It is said that after the election, Nakasone was taking part in zazen meditation at the Zenshoan zen temple in Tokyo's Taninaka, and he wrote the following poem:

Earthworms cease their chirping  
In a well one thousand measures deep  
The turning head looks to heaven  
White clouds are tranquil and vast

Acquaintances said it means that earthworms never cease their continuous chirping and chattering beneath the door; but if one turns and looks at the sky, there the white clouds are floating peacefully.

Thus, immediately after he had grasped political power, the prime minister spoke of "political affairs" with the expression "an egg in the hand."

If you apply too much pressure in the palm of the hand, the egg will smash. The significance of this is that one approaches politics by natural

objects. In this there is also the idea that "the egg equals Kakuei Tanaku." It can also be interpreted to mean that holding a wounded "Kakuei" gently in the palm of the hand is the secret to prolonging political life.

That may be, but this time it was "white clouds floating tranquilly."

The earthworms were probably not only former Prime Minister Suzuki, but also those who had blocked Nakasone's reelection and had been committing various despicable acts. But at the same time one can also interpret it as treating "Kakuei" as "earthworm."

He may have wanted to say that he himself was the "tranquilly floating clouds" that received the support of elevated public opinion.

If you allow that this Chinese poem expresses the prime minister's true feelings, then it may be that the prime minister intends to divide his own term with one period of two years, and if he sees opposition within the party act as if he does not see it, then peacefully involve himself in foreign affairs.

The prime minister will visit the United States in January next year and hold summit talks with President Reagan; in June he goes to Australia and New Zealand. Then in May next year is the Bonn summit. His diplomatic schedule is astounding.

But the issue on which the "tranquilly floating" prime minister has been thinking "let's go" is nothing less than the refurbishment of Japanese-Soviet relations.

Nakasone's diplomacy has accomplished its agenda of repairing relations with South Korea, and he has moved back toward the United States. Although one can initially say that these were successes, they were ultimately nothing more than relations with Western powers.

The secret of success in diplomacy is getting to the bottom of how, at the present time, one deals skillfully with the United States and the Soviet Union, but relations with the Soviet Union remain "the worst since the war."

The thing that must be done by the prime minister who has amassed national popular support by his diplomatic record is nothing less than a "breakthrough" with the Soviet Union.

Moreover, among all the past prime ministers, Prime Minister Nakasone has a "pedigree" that looks as if he could get through the most in talks with the Soviets.

This is the fact that he is in a direct line from former Prime Minister Ichiro Hatoyama and Agriculture Minister Ichiro Kawano, who were involved with the Japanese-Soviet joint declaration in Moscow in 1956. The fact that this is the so-called reform party line, or a side current of conservatism, may be said to be a favorable approach to the Soviet Union.

The prime minister is mostly seen as having bought a reaction from the Soviets with his famous unsinkable aircraft carrier statement, but the Soviet Union has not necessarily written off the Nakasone government.

A good example of this is the appointment of the secretary of the Nakasone faction, Yoshio Sakurachi, as chairman of the Japanese-Soviet Diet Friendship Association, and his trip to the Soviet Union.

The post of chairman of the Japanese-Soviet Diet Friendship Association was accompanied by the withdrawal of Hakuei Ishida, but Ministry of Foreign Affairs see the appointment first of all of the former foreign minister and then of Iichiro Hatoyama, the son of former Prime Minister Ichiro Hatoyama, as influential.

Sakurachi is also head of the Japan-South Korea Diet Friendship Association, and it was assumed that the Soviets would not say a thing, but the Soviets have turned the cream of the crop toward Sakurachi.

Sakurachi visited the Soviet Union about the same time he was appointed, and he achieved an initial success. It goes without saying that this trip to the Soviet Union may contain the possibility of the beginnings of a Japanese-Soviet breakthrough.

While the Prime Minister tranquilly floats, he should be harboring ambitions for the great events of a lifetime.

What about the opportunity for dissolving the Diet?

How can he go about achieving the goal of a Japanese-Soviet breakthrough?

And by what sort of calls can he get rid of the controls of the one earth-worm-human Kakuei Tanaka?

The prime minister who has won reelection has been carefully planning his timing.

Putting it the other way around, Tanaka the king maker should be sparing no pains on how he can bury Nakasone, who loves the grandstand play, and appoint a "successor" suitable to himself as "retired emperor."

In the reelection, the allied forces of Tanaka and Nakasone who were bound up in a tag match, looking at the medium and long-term, were heading toward a parting and were beginning to make the first moves.

One cannot of course allow suppositions about whether the "Nikaïdo support maneuver" that sand once might surface again in this sort of confusion.

While the politics of 1985 will involve the grudges of "Kakuei and Fukuda," as well as the recently expressed malice of "Nakasone and Suzuki," amid the swells of the shift in generations that failed, there will certainly soon be the beginnings of violent action beneath the surface.

POLITICAL AND SOCIOLOGICAL

INTERVIEW WITH KIM DAE-JUNG PRIOR TO HIS DEPARTURE FOR ROK

Tokyo SHAKAI SHIMPO in Japanese 25 Jan 85 p 1

[Interview with Kim Dae-jung, former ROK presidential candidate, by correspondent Nakada, in Washington, D.C., 21 January 1985]

[Text] On the evening of the 21st, Kim Dae-jung, former presidential candidate of the Republic of Korea, who is currently residing in a suburb of Washington, D.C., agreed to be interviewed by this paper before his return to Seoul on 9 February. As to why he is returning, he said: "There is a danger that the country will be pulled to both extremes if the present conditions in Korea continue. I am returning for the purpose of defending democracy in Korea." He went on to clarify his views as follows:

[Question] Why did you decide to return to your country after 2 years?

[Answer] Campaign activities are heating up in South Korea in preparation for the general parliamentary elections which are scheduled for February; however, the Chon Tu-hwan regime, which came to power through an illegal coup d'etat, is defying the democratization of South Korea with the undemocratic current election law in the upcoming election. If the present situation continues in South Korea, there is a danger that South Korea will be split between the extreme left and the extreme right. I am returning to defend democracy in Korea.

[Question] Haven't the South Korean authorities clearly indicated that they would arrest you if you return to the country?

Prepared To Be Arrested

[Answer] In the country, first of all, I am seeking a dialogue with President Chon, but if this desire of mine is rejected, in view of the present conditions, I am compelled to fight for true democracy in South Korea. On the attitude of the South Korean judicial authorities, so long as democracy is not restored to Korea, I know through my own experiences, that there is a danger that I will be arrested. But what I like to stress is that the general parliamentary elections are not my primary objective. The fact that I came to the United States was not entirely on my own volition. For the past 2 years, on the one hand, I have been providing moral support from the United States to my friends who were

engaged in a democratic movement in South Korea. On the other hand, I have concentrated on guiding the public opinion about South Korea in the right direction in the United States. In my 2-year sojourn in the United States, my objectives have been realized to some extent, I believe.

[Question] How will you deal with the South Korean Government after your return?

[Answer] Let me reiterate that my decision to return to the country comes from the urgency of the restoration of democracy to South Korea. There was a reason to believe that each time I announced my decision to return, the South Korean Government spread the word that I was stirring up the political instability for the occasion of the general elections; however, when I return, I will do my best to keep up a dialogue with President Chon Tu-hwan. If this is not accepted, he does not leave me any choice but to fight. This is my conviction as a politician. I want your closer attention to what I am about to say. As I have reiterated from time to time, the way to restore democracy in South Korea is not only relying thoroughly upon nonviolent means but also avoiding radicalization. I will pay closer attention lest the Chon Tu-hwan regime should label us as those "tolerating communism," "for violence," and "for anti-Americanism."

[Question] What is your present feeling toward the general elections?

[Answer] During my sojourn in the United States, the democratic forces in South Korea have gotten together in grand unity and created the Consultative Conference for the Promotion of Democracy (CCPD) on behalf of myself and Kim Youngsam, former president of the New Democratic Party. In the South Korean National Assembly elections, which are scheduled for 12 February, the new political party, the New Korea Democratic Party, which has been organized around the CCPD, will be supported.

[Question] You are scheduled to arrive at Narita Airport on the afternoon of 7 February and stay overnight in Japan. While you are in Japan, will you hold talks with the Japanese judicial authorities about the restoration of the original state of the so-called Kim Dae-jung kidnapping case?

Thanking the Party's Efforts

[Answer] I am staying at Narita for the purpose of making my plane connection. If I may summarize the Japanese Government's attitude toward the Kim Dae-jung case, it knows the truth; nevertheless, it completely lacks the desire to clarify the case. It may be said that it has gone as far as deliberately to lose the evidence despite the fact that it had the evidence. I do not know anything about what the Japanese judicial authorities will do.

[Question] At the Socialist Party convention, it was resolved that the Kim Dae-jung case be restored to the original status, and that your safety on the occasion of your return to the country be guaranteed. What is your thought about this?

[Answer] Once again I would like to express my deep appreciation to the Japanese people, particularly to the Socialist Party, for their concern and care in my case. I earnestly hope that the Japanese people will continue to give their strong support to the question of clarifying the kidnapping case and the question of human rights.

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ECONOMIC

FINANCING OF FUTURE NTT REPORTED

Tokyo ZAIKAI TEMBO in Japanese Jul 84 pp 75-78

[Article by Tatezawa Koji: "Daily Income of 10 Billion Yen by NTT Bank"]

[Text] "All Japanese firms are frantic to have an especially familiar relationship with Nippon Telegraph and Telephone Company [NTT]. We cannot remain idle because our bank has had an intimate relationship with NTT for a long time. If possible, we would like to be the main bank for NTT." (Kenichi Kiso, chief of the Second Public Department of The Dai-Ichi Kangyo Bank, Ltd)

The bill of "Nippon Telegraph and Telephone Company, Ltd," was solidified, and it is estimated that the joint-stock company "NTT" will be organized in April this year at the earliest.

When the new NTT is organized, it will become the biggest joint-stock company in the history of Japan without fail.

According to the audit report in fiscal 1982, the total asset of Nippon Telegraph and Telephone Public Corporation is 10,348.8 billion yen; the amount of sales is 4,344.3 billion yen; and the number of employees is 320,000. There is no private company which can compare with the present NTT. The amount of sales is slightly smaller than that of Toyota Motor Co Ltd. In just a short time, however, the amount of sales will be reversed. The capital estimated now is about "1 trillion yen" since the government fund and the surplus profit are transferred. This figure is, of course, number one. The company having the biggest capital among member companies of the Tokyo Stock Exchange is the Tokyo Electric Power Company, Inc, whose capital is 650 billion yen.

We see what a big company new NTT is at a glance by comparison with other big companies. The biggest company at present in Japan is Toyota Motor Co, Ltd, which has capital of 120.9 billion yen, total assets of 2,816.4 billion yen, and 57,846 employees. Hitachi, Ltd, is proud of having the largest number of employees, 76,442, but that is far less than 320,000 of new NTT. Hitachi's capital is 140.1 billion yen, and total assets are 2,114.6 billion yen. Hitachi is somewhat smaller than NTT.

The scale of the company is very big, but this is not all.

Personnel, property, and money are too abundant. High technologies achieved over the past 30 years and represented by INS (advanced information-communications systems) are the best in the world. Even though Hitachi, Nippon Electric Company, and Tokyo Shibaura Electric Co, are combined, they cannot compete with NTT. The reason why IBM frequently urges the Japanese Government to open the door to NTT, citing economic friction between Japan and the United States, is that IBM fears NTT's high technology and talented personnel. For this reason, private companies are enthusiastically inviting NTT's engineers in the commercialization of NTT.

With respect to the property, as shown by total assets, 24,000 telephone stations are deployed all over the country covering 58.68 million telephone sets. The perfect countrywide communications network is established; communications services, beginning with public data-communications service, are provided.

With respect to money, on sales of 4 trillion yen, the daily income is 10 billion yen. Income from telephone charges was formerly paid to the Ministry of Finance every month; but no longer. New NTT can freely use it at its own discretion (see Table 1).

Owing to commercialization, the system of depositing to the National Treasury is abolished, and 200 billion yen kept in the Ministry of Finance can be used freely.

"Under the Public Corporation System, investment cannot be freely made and the management is restricted. But after the commercialization, investment can be made freely." (Yoshihiro Sugimoto, investigator in the Public Relations Department, Director General's Office, Nippon Telegraph and Telephone Public Corporation.) NTT's Finance Bureau has begun a study of the utilization of the enormous amount of funds. Depending on the operation, the so-called "NTT Bank" may appear like the cases of "Toyota Bank" and "Matsushita bank."

It is the matter of course that banks and securities companies are eagerly looking at the fund. At present, managing teams of those banks and companies are frequently visiting NTT before its commercialization in aiming at the fund. All the banks have set up the special project for NTT in order to iron out the countermeasures for the NTT's commercialization. The second Public Department of The Dai-Ichi Kangyo Bank is truly the countermeasure headquarters. The section in charge of NTT in the Public Department was separated from the department and became independent last fall. The Fuji Bank, Ltd, hastily established the Public Corporation Office (office chief, Kazuo Kadokura) in the Shinbashi Branch at the end of last March in order to start the study of operation after the commercialization of NTT. "We would like to have a relationship with NTT as close as with other banks." (Kazumi Yanagihara, investigator in the Public Relations Department of The Fuji Bank.)

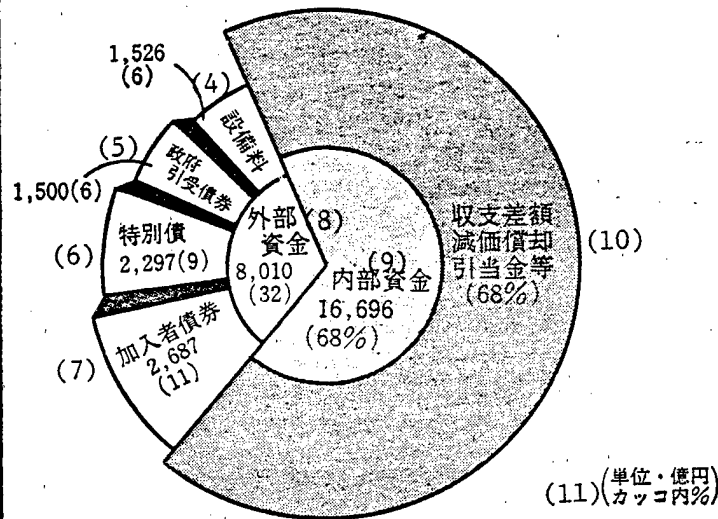
In the securities field, four major securities companies, beginning with The Nomura Securities Co, Ltd, are fiercely attacking NTT. Setsuya Tabuchi, president of The Nomura Securities Co, Ltd, was so serious that he himself and the members of board of directors visited the Yokosuka Telecommunications Laboratory of NTT to study communications technologies. The aim is "to show the Nomura's enthusiasm to NTT."



(表I) (1)

(2) 電電公社・資金調達の内訳

(3) (総額24,706億円)



Key:

1. Table I
2. Breakdown of fund procurement of Nippon Telegraph and Telephone Public Corporation
3. Total amount: 2,470.6 billion yen
4. Installation charges of equipment
5. Bonds accepted by government
6. Special bonds
7. Bonds accepted by subscribers
8. External fund
9. Internal fund
10. Allowance for difference between income and expenditure and depreciation; and others
11. Unit: 0.1 billion; percent in parentheses

In the case of the securities companies, the biggest objective is to become the managing underwriter for NTT in order to obtain money from brokerage of sales of stocks and commission in issuance of bonds. It is estimated that one hundred percent of new NTT's shares will be obtained by the government at first; then half of the shares will be sold for 5 years, and, finally, two-thirds of the shares will be sold.

It is reported that the price of a share to be released will be 200 to 300 yen per share. As shown in INS, however, it is very likely that the price will become 500 to 600 yen since NTT has a key to new media and the future growth is considered. If the price is supposed to be 500 yen, the total amount of the new NTT's stocks in the securities market at the time when half of the stocks owned by the government is released (capital is 1 trillion yen and the face value is 50 yen) will be 5 trillion yen. The brokerage of the managing underwriter will be tremendous. It is no wonder that every securities company is frantic about the case.

#### The Dai-Ichi Kangyo Bank One-Step Ahead; The Fuji Bank Pursuing Furiously

Banks' competition for the main bank is becoming fiercer than the security companies' competition for the managing underwriter.

At present, The Dai-Ichi Kangyo Bank is one step ahead among the 13 city banks. The Fuji Bank is pursuing the Dai-Ichi Bank furiously. The main bank can tackle operation funds, such as a daily income of 10 billion yen, in cooperation with the so-called NTT bank. In addition, the new NTT's income can be preferentially absorbed into the strong boxes of its own bank and operated from there.

The one-step lead of The Dai-Ichi Kangyo Bank has a reasonable background. Old Kangyo Bank had handled the issuance of telephone subscribers' bonds, which are the important capital procuring means, based on an exclusive trust since the establishment of NTT in 1953. The exclusive trust was realized because, "The old Ministry of Posts and Telecommunications and old Kangyo Bank were neighbors, and old Kangyo Bank had know-how in bond issuance." (Kiso, chief of the department)

In April last year, however, issuance of the telephone subscribers' bonds was stopped since the law of "Expansion" aimed at the spread of telephone sets was abolished. In place of the bonds, publicly offered special NTT bonds are issued. The managing underwriter of the bond is The Dai-Ichi Kangyo Bank, and deputy managing underwriters are three banks, i.e., The Fuji Bank, Ltd; The Sumitomo Bank, Ltd; and The Industrial Bank of Japan, Ltd.

"If possible, we wanted to get the exclusive trust as before," but it was not possible. The Fuji Bank is especially competitive.

Those who are concerned in NTT commented as follows: "The Dai-Ichi Kangyo Bank is only defending itself from The Fuji Bank's hard attack. The Dai-Ichi Kangyo Bank did not come to NTT earnestly since the Dai-Ichi Kangyo Bank has been closely related to NTT. Of the higher staff members of NTT, however, many persons do not favor The Dai-Ichi Kangyo Bank. In the Public Corporation System, such a way might have been good, but it will not be so in the commercialized NTT. Therefore, The Dai-Ichi Kangyo Bank began studying the wishes of NTT. On the contrary, The Fuji Bank is very positive. Especially, the actions against the related companies of NTT are surprising. It is so vigorous that the stronghold of The Dai-Ichi Kangyo has almost collapsed."

There are 25 related companies listed on the audit report of Nippon Telegraph and Telephone Public Corporation as follows: Kokusai Denshin Denwa Co, Ltd, (shareholding ratio of present NTT is 10 percent); the Communications and Broadcasting Satellite Organization (16.7 percent ratio); Japan Ship Communications Co (51.9 percent ratio); Communications Service Corp (dealing with pocket pagers, 16 companies throughout Japan, shareholding ratios are 5.3 percent to 50 percent); Japan Airport Radio Service Co (60 percent ratio); Japan Automobile Telephone Service Co (50 percent ratio); New Japan Automobile Telephone Service Co (50 percent); Japan Communications Technology Co (dealing with patent business, shareholding ratio is 28.6 percent; Japan Electronic Engineering Co (dealing with trial manufacture of LSI, shareholding ratio is 50 percent); and Captain Service Co (33.3 percent ratio).

The balance of investment is 5,739 billion yen (increase of 1.352 billion yen over the last fiscal year). NTT has controlling interest in those companies in personnel, property and money. The Dai-Ichi Kangyo Bank and The Fuji Bank are supplying funds and capital to those companies in competition. To some companies, The Dai-Ichi Kangyo Bank is even dispatching members of the board of directors. They are Japan Automobile Telephone Service Co and Japan Communications Technology Company. Executives for part-time positions are dispatched to Captain Service Co and Communications Service Co. Banks other than the two banks, of course, are supplying capital.

Public Telephone Securities Co (capital is 0.3 billion yen) is a company which has a close relationship with present NTT, but its capital is not supplied by NTT at present. The company was established through the good office of NTT in 1965. The present major stock holders are The Dai-Ichi Kangyo Bank, Ltd; The Long-Term Credit Bank of Japan, Ltd; and Kangyo Kakumaru Securities Co, Ltd, (each has 60,000 shares); and four securities companies, i.e., The Nomura Securities Co, Ltd; The Daiwa Securities Co, Ltd; The Nikko Securities Co, Ltd; and Yamaichi Securities Co, Ltd. (each has 37,500 shares). President is Hiroshi Ochi, who was the director of a bureau of Nippon Telegraph and Telephone Public Corporation. The first president of the company was the senior managing director of NTT. Since then, however, the company has not been so conspicuous until today. One reason is that The Dai-Ichi Kangyo Bank (which is the main bank) has not so ardently supported the company. The cause of the sluggishness is of course the fact that the company has turned out to be an organization accommodating retired high officials of NTT, who were accustomed to an "Uncle Sam will foot the bill" attitude. Personnel, numbering in the tens, have been transferred from NTT and The Dai-Ichi Kangyo Bank into the company, whose employees total only 70.

At this time, however, The Dai-Ichi Kangyo Bank has started to make an effort. The bank strongly backs the acceptance of convertible bonds which are handled by the company.

According to a person concerned, the reason and background are that The Fuji Bank, which is fiercely intruding into the main body of NTT, is moved to handle the company in place of The Dai-Ichi Kangyo Bank. Hence The Dai-Ichi Kangyo Bank has hastily changed its attitude.

In fact, Public Telephone Securities Co is the only company which is related to the Finance Bureau of NTT, among many NTT-related companies. Other companies are all related to the Marketing Bureau. So-called NTT families, such as 25 companies described above, and, in addition, Oki Electric Industry Company, Ltd, Tamura Electric Co, Ltd, Nitsuko, Ltd, and Fujitsu Ltd, which have no capital relation with NTT, are related to the Marketing Bureau.

The manager of the so-called "NTT Bank" is the Finance Bureau. As a matter of course, Public Telephone Securities Co will become important from the viewpoint of the operation of funds after commercialization. The NTT bonds will become the company bonds, and the companies of the NTT families will have priority as accepting companies for the bonds without questions. By the way, the limit of bonds, which can be issued by the new NTT is as high as 11.2 trillion yen.

The Dai-Ichi Kangyo Bank, which has a subsidiary securities company called Kangyo Kakumaru Securities Co, should not make NTT's impression bad.

Shadow Strong Box of NTT, Telecommunications Mutual Aid Association

In fact, The Dai-Ichi Kangyo Bank is the main bank of a foundation called the Telecommunications Mutual Aid Association, which is the mutual beneficial organization of NTT. The scale of the Mutual Aid Association cannot be compared with that of Public Telephone Securities Co.

The association was established in order to aid the employees and families of NTT in 1952 based on a basic property of 0.5 million yen and an ordinary property of 1.33 million yen. Even today, the amounts of both basic and ordinary properties are the same as above. The number of employees of the association is 5,000. It is a giant organization, which has many mutual aid branches all over the country.

The Mutual Aid Association is a tremendous institutional investor at present and handles enormous amounts of money, according to high official of a city bank.

"The Mutual Aid Association is conducting a profitable business extensively and actually earning a profit for supporting public service." (The Supervising Section, Telecommunications Policy Bureau, Ministry of Posts and Telecommunications.) The Mutual Aid Association ranks high at 479th place in the list of "best 20,000 companies in Japan in 1983" publicized by Toyo Keizai Shimpō Co [a publishing company for economic books and magazines] (declared income is 5.744 billion yen; in 1982, 409th place and 6.692 billion yen). The rank is higher than Yamatane Securities Co, Ltd, (492d place) and Dai Ichi Securities Co, Ltd, (625th place).

According to the income and expenditure report in 1982; the income of the profit gaining business is 282.4 billion yen; profit after tax is 32 million yen; deposits are 29 billion yen; and premium (reserve fund for payment) for retirement allowance of NTT employees is 24.5 billion yen.

The association is handling 24.5 billion yen and gaining the profit margin in order to obtain office expenses and public service costs.

The association says, "We are not professional such as a securities company." (Yoshimi Suehiro, chief of General Affairs Department.) But it is a common opinion that the association is conducting stock investment on a large scale. By the way, the Mutual Aid Association exclusively undertakes the advertisement in thick telephone directory books upon consignment by NTT and receives commissions; it constructs rehabilitation facilities and conducts welfare service; it extensively performs buying and selling of land and houses; it established 60 companies, to begin with Telegraph and Telephone Hall [Company] based on 100 percent investment.

The fund of the Mutual Aid Association has been invested in the NTT-related companies described above. Under the Public Corporation System, the fund of the present NTT cannot be operated freely. It is said that there is a tendency toward setting up many commercial personnel accommodating subsidiaries by utilizing the fund of the Mutual Aid Association at present. Those companies are said to be tightly linked by their capital and will accommodate half of the surplus employees of NTT, which will amount to 150,000 maintenance personnel and 66,000 telephone switchboard operator in the future.

The Mutual Aid Association is, as it were, a shadow fund supplying organization of the NTT.

"In investment, approval of the board of directors and the council are required, but the investment is actually carried out at the NTT's request." (Suehiro, chief of the department) We can understand the situation from his explanation.

The main bank of the shadow fund supplying organization, i.e., a strong box, is The Dai-Ichi Kangyo Bank. Therefore, it is well understood that The Dai-Ichi Kangyo Bank is most closely contacted with the main body of NTT and the NTT families. Therefore the bank should absolutely avoid any movement which dilutes the relationship immediately before commercialization. This is the reason why The Dai-Ichi Kangyo Bank has bolstered Public Telephone Securities Co again.

Anyway, it is inevitable that the battle to become the main bank of the biggest company will become increasingly furious from now on. As The Fuji Bank is running hard, The Sumitomo Bank, The Mitsubishi Bank, and The Sanwa Bank are strengthening the operation against NTT.

Anyhow, the new NTT takes part in the commercial competition society from an "Uncle Sam will foot the bill" style of management. What we want the persons concerned to know is that the property held by the new NTT is the property of the people of Japan, regardless of how the banks and securities companies are related to NTT.

People paid the installation-work costs of 80,000 yen as an equipment charge when they procured telephone sets. However, the actual equipment cost is only 15,000 yen. The remaining 65,000 yen is an allotment for maintaining the telephone networks which are provided all over the Japanese islands. The Ministry of Finance is planning to sell the government-owned stocks at the time of commercialization to cover the financial deficit. But there are many problems in this plan. The movements of banks and securities companies, which are going to make the people's assets the tool of profit making, are another problem.

In this sense, the problems of the new NTT should be considered again from the standpoint of the people of our country.

If the banks and securities companies regard the new NTT as only a money supplier, they will be the objects of severe retaliation.

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ECONOMIC

OVERVIEW OF ACCOMPLISHMENTS IN SINO-JAPANESE COOPERATION

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 9, 27 Sep 84 pp 13-14

[Article by Li Ling [2621 3781]: "Achievements in Sino-Japanese Economic and Technical Cooperation"]

[Text] It has been 12 years since China and Japan established normal diplomatic relations in 1972. We are happy to see the tremendous progress made in economic cooperation between China and Japan during this period. The credits provided to our country by the Japanese Government and its direct investments in projects in China have reaped rich fruits. In December 1979, the Japanese Government provided a loan of 200.9 billion Japanese yen to our country for use in the construction of two harbors and two railroads, namely, the construction in Qinhuangdao port of two 50,000-ton coal berths and the construction of one each of 100,000 ton and 25,000 ton at the Shijiusuo port; single-track laying of the Yanzhou-Shijiusuo railroad and the building of the Beijing-Qinhuangdao double-tracked electric railroad. The commodity loan of 99.1 billion Japanese yen provided by the Japanese side has been used in the first-phase construction project of the Baoshan Iron and Steel Works and the Daqing petrochemical construction project. Our country has also used the energy loan of 285.6 billion Japanese yen provided by the Japanese side for the construction of the Chengbei oilfield, offshore exploration in the Bohai Sea, the construction of the North China and Shengli oilfields and the construction of Baodian, Jiangzhuang, Xiqu, Qianjiaying, Malan, Zhenchengdi and Sitaigou collieries. The above projects are now underway. The construction of the two ports and two railroads is now progressing rapidly, it is expected that the Qinhuangdao port project will be completed and put into operation by the end of this year, that the Shijiusuo port project and the Beijing-Qinhuangdao railroad will also be put into operation by 1985 and that the Yanzhou-Shijiusuo railroad will be completed by 1986. The completion of these projects will further develop our national economy to a certain extent. Negotiations for loans for the second batch of projects between the two countries have started and talks in specifics are now being carried out by departments concerned from both sides.

With regard to direct investments, up to now, Japan's direct investments in our country have come to \$800 million, of which over \$47 million have been invested in 17 enterprises of joint ventures. In line with the principle of equality and mutual benefits and thanks to the joint efforts made by the

Chinese and Japanese sides, both sides are fairly satisfied with the economic results achieved by these enterprises. The Chinese Nantong Rikio Co, Ltd, a triangular joint venture by the Chinese International Trust and Investment Corp, the Nantong City Light Industry Bureau of Jiangsu, and Japan Rikio, specializing in producing Japanese Y-type durable cloth shoes, has achieved prominent results since it was put into operation in February 1983. The Japan Rikie Co has been producing and handling this type of cloth shoe made from durable denim for over 40 years, it enjoys numerous patent rights including patented techniques and trademark. To help the Nantong Rikio Co, Ltd beef up its technical backbone force, the Japanese side had organized personnel from the Chinese side to undergo training gratis at the "Philippines Southeast Asia Rikio Co, Ltd," a Japanese-Filipino joint venture, so as to master the complete technical process of producing the Japanese-style Y-type durable cloth shoes. As a result, Nantong has immediately become one of the major production bases for "Rikio shoes" since this enterprise was put into operation. Thanks to the harmonious cooperation and work coordination between the Chinese and Japanese sides, the annual average rate of quality products has registered 94 percent; all the finished products are being exported to Japan to be marketed by the Japanese side exclusively. Instead of losing money during its first year of operation, the Nantong Rikio, Ltd, made profits with both sides gaining economic benefits. Both the Japanese manager and the vice chairman of the board have considered it an amazing miracle that such economic results as reaching quality standards and realizing profits were achieved during the same year after going into operation. This enterprise has received favorable comments from various quarters both at home and abroad for making a quick start, being fast in making profits, achieving good results and displaying excellent team spirit.

The Fujian Hitachi Television Sets Co, Ltd, is a joint venture established in December 1980 by Fujian Province together with the following Japanese corporations: the Hitachi Factory, the Hitachi Home Appliances Sales Corp and the Toei Shoko. Since it was officially put into operation in June 1981, the company's annual output has increased progressively year after year at the average rate of over 95 percent. Under this year's plan, it will produce 380,000 sets; the company's total output value has reached an average annual increase rate of over 150 percent; the average annual increase rate for profits amounted to 98 percent; the average annual increase of labor productivity involving all employees came to 132 percent. The record of cooperation in the past 3 years shows that this company has achieved fairly good economic results. The average numbers of trouble-free hours for black-and-white television sets produced by this company has now reached over 10,000 hours, the number of trouble-free hours for color sets also reached 20,000 hours and the quality standard rate in regular tests registered 100 percent. All these targets have reached the level of Japanese sets of the same categories. These products are now being exported to Canada, Panama and Hong Kong. The Chinese and Japanese sides are satisfied with the achievements made by this company. Mr Naito, vice chairman of the board of the Japanese side, hoped to hold talks on expanding the scope of cooperation in the Fujian Hitachi Television Sets Co, Ltd.



Just as NIPPON SANKYO SHIMBUN stated in its 17 January 1984 report: "It can be said that the Fujian Hitachi Television Sets Co, Ltd, that achieved actual results...has become a model enterprise under joint venture." Another example is the China Toho Leasing Co, Ltd, this enterprise of joint venture was formed in April 1981 by the China International Trust and Investment Corp, the Beijing Electric Equipment Co and the Toho Leasing Corp of Japan. It is the first joint venture enterprise with Chinese and foreign capital in China that specializes in the international leasing business. In the past 3 years, this company has expanded its leased items to over 130 and the total amount involved in this leasing operation came to over \$56 million. The forms of transactions include financial leasing and the combination of leasing and compensatory trade, the combination of leasing and investment in joint venture enterprises with Chinese and foreign capital which the company pioneered. The importation items include light industry, metallurgy, electronics, tourism, textiles, building materials, construction machinery, medicine and hygiene, chemical industry, communications and transport, culture and education, machine-building, environmental protection, S&T and agriculture. At present this company has established friendly contacts with banks and financial institutions in Japan, Britain, Italy, France, the FRG, Canada, Sweden, the United States and the Hong Kong region; it has also established cordial trade relations with reputable trading companies and manufacturers in Japan, Western Europe, the United States and the Hong Kong region and won high praise from financial and industrial and commercial circles universally.

From the above, it is clear that economic and technical cooperation between China and Japan has achieved success with both sides reaping economic benefits. It also presages the growing reputation of friendly cooperation by the two sides and the latent potential of this cooperation.

Since our country implemented the policy of opening to the outside world, Japanese industrial and commercial circles have followed our principles and policies of absorbing investments with great interest. In April this year the Japanese Government sent a government investment investigation delegation to China to make a detailed study of our principles and policies of absorbing investment, the delegation consisted of more than 40 entrepreneurs. Since our country decided to further open up 14 coastal port cities from Dalian in the north to Beihai in the south, Japanese business circles have shown strong interest and people have flocked to China to study relevant principles and policies. Some financially powerful large enterprises, large financial groups and banks and medium and small enterprises interested in investing in China have come one after the other these days. For example Japan's Matsushita, Nomura and Industrial banks have all expressed interest in large-scale cooperation, wanting to participate in Shanghai's Minhang and Hongqiao developmental projects. Japan's Nomura group and the Okura Hotel are planning to build a wholly owned five-star, high-class hotel on the northwest side of the Jinjiang Club in Shanghai; the Mitsui group is also planning to build a wholly owned high-class hotel north of the Ruijin Guest House and so forth. Our country's four modernizations drive has now entered into a new developmental stage, the expanded authorities given to the 14 open coastal port cities in examining and approving foreign investment projects

particular have provided more favorable conditions and an excellent investment environment for foreign businessmen to invest in China. These cities are now focusing on renovating old enterprises and building a number of urgently needed medium and small enterprises with foreign capital.

Japan is a major industrial country equipped with advanced technology and experience in market management, our country, on the other hand, has rich natural resources, an abundant labor force and a vast market. The mutual understanding between China and Japan and convenience in travel have provided more opportunities for friendly contacts and economic and technical cooperation between the two countries. We welcome the Japanese financial and business circles to invest in China and wish that the flowers of Sino-Japanese economic and technical cooperation will continue to bear rich fruits.

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JAPAN'S MITSUI COMPANY REPRESENTATIVE ON SINO-JAPANESE TRADE

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 9, 27 Sep 84 p 15

[Article by Yoshimitsu Kusaga, chief representative to China of Mitsui Products Corporation (Japan): "Ready To Be a Bridge of Japan-China Friendship"]

[Excerpts] Japan's comprehensive business corporations handle all types of commodities needed in society, from small items of convenience to large satellite launching equipment. A comprehensive business corporation engages not only in domestic trade but also develops import and export business through its network of branch offices all over the world. In the meanwhile, we also have to surmount increasing difficulties in mediating triangular trade.

The Mitsui Products Corp has 150 branch offices over the world and has also set up offices in Beijing, Dalian, Tianjin, Qingdao, Shanghai, Guangzhou and Shenzhen in China to engage in various forms of trade liaison activities.

We feel that the most important thing is providing information to customers swiftly and accurately.

The Mitsui Products Corp has set up a telecommunications center in Tokyo to maintain contacts with its branch offices the world over. In addition, a telecommunications center has also been set up in Beijing to keep in touch with the main office and other offices throughout the world at any time. If a telex is transmitted from Guangzhou to Sao Paulo of Brazil, it will go through the Guangzhou-Beijing-Tokyo-New York-Sao Paulo telecommunications centers and reach there in 5 minutes. Our telecommunications network which radiates in all directions swiftly and accurately provides information to our customers this way.

We feel that to expand Japanese-Chinese trade, what is most important at present is for both sides to actively and sincerely develop technical exchange activities. To this end, we exchanged a "Memorandum on Economic and Technical Cooperation" with the China Council for the Promotion of International Trade in July 1980 and actively promoted technical exchange with China. At the same time, in April this year, we again signed an "Agreement on Technical Exchange" with the Chinese Scientific and Technical

Exchange Center and carried out specific technical exchange activities. We wish that these activities will enhance trade opportunities for both sides and contribute to China's modernization program.

Although China and Japan have had contacts for over 2,000 years, all-round exchanges truly took place only after the normalization of diplomatic relations between China and Japan. Because the political and economic systems and history and customs of the two countries are different, the way people think is also different and there are language barriers. We think that the fundamental way to expand trade is to overcome these difficulties and deepen our mutual understanding. To this end, the personnel we sent to work in China on a regular basis are all capable to work with the Chinese language and the China room in our main office and the China room in the Osaka branch are also equipped with personnel who can speak Chinese.

We have been sending several research personnel to various parts of the world every year to train personnel for Japanese-Chinese trade.

At a time when Chinese and Japanese friendly contacts are strengthening, General Secretary Hu Yaobang put forward the "five stresses and four beauties" call at a Sino-Japanese people-to-people meeting: stresses on friendship, mutual benefits, good faith, decorum and discipline; and beautiful conduct, moral character, language and bearing.

We fully appreciate this call and wish that Sino-Japanese friendship and economic and trade contacts will continue to improve under the guidance of this principle.

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JAPAN'S NISSHO IWAI COMPANY ON ITS TRADE WITH CHINA

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 9, 27 Sep 84 p 16

[Article by Nissho Iwai Corp: "A Wish for More Intimate Japan-China Trade Contacts"]

[Excerpts] On the occasion of the 12th anniversary of the restoration of diplomatic relations between Japan and China, the entire staff of the Nissho Iwai Corp extends its best wishes to personnel of its Chinese counterpart!

Among the commodities imported from China are soybean, rapeseeds and sundry beans, frozen commodities, fodder, shrimp, fish, canned goods and pickled products. In the area of goods and material supplies are: refractory raw materials, rare earth, raw materials for papermaking, raw materials for iron smelting, copper, aluminum, antimony, metallic silicon, coal for raw material, coal for power generation, pig iron, used ships and carpets. In the energy field are: crude oil, petroleum cokes and carbon materials. In the field of fiber are: clothing, silk cloth and related products and other animal hair for raw materials, such as rabbit wool and goat hair, together with other types of light industry handicraft products.

Items exported to China include various kinds of rolled steel products, different types of special rolled steel, iron and steel products, synthetic fibers and other complete sets of chemical equipment and so forth; heavy machinery and equipment and other types of industrial machines related to the Baoshan Iron and Steel Complex; home electrical appliances, electronic instruments, ships, supplementary machinery, vehicles and various types of building material machinery; and organic and nonorganic chemical products, such as various kinds of fiber products, raw materials for chemical fibers, synthetic tree resin, farm insecticide and fertilizer connected with raw materials for chemical fibers, such as polyester plastics and acrylic.

In addition, in the field of trade mediation, we have also widely introduced to China business activities dealing with fiber, metals, grain and other commodities to promote its trade with a third country.

Besides the above-mentioned operations, we have also introduced advanced technologies in the world and at the same time actively developed work in technical transformation of factories, joint ventures and cooperative

management. With regard to loan matters between the Japanese and Chinese governments, our corporation is also cooperating with other large Japanese enterprises in developing the operations and we will continue to make efforts in this regard from now on.

Since China implemented stipulations governing the management of permanent offices of foreign enterprises in China in 1980, to develop operations, we have also established permanent representative offices in Beijing, Shanghai, Guangzhou and Dalian and another representative office was set up in Tianjin in November 1983. By sending permanent representatives and permanent personnel to these respective representative offices to make business contacts with various departments in the country, we have achieved expected results. We hope that our trade contacts with your honorable country will become more intimate and our friendly relations more consolidated from this time forward!

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